



Report of the Financial Management PMO Team

Briefing for the STARS SuperUsers

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Agenda

- Introduction to the Tiger Team effort
- Findings
- Top 6 issue categories
- Transitioning to the FM PMO
- Results already achieved
- Challenges
- Success Multipliers



Tiger Team Members

❑ Office of the CFO	David Robinson
❑ Budget	Bonnie Giampietro
❑ Systems	Wendy H. Miller
❑ Policy	Lois Jessup
❑ EFASC	Kevin Majane
❑ Internal Review	Theresa Ballinger
❑ Program Analysis	Ron Szatmary
❑ Oak Ridge	Jeff Payne
❑ NNSA/OFFM	Andrew Zawadzki
❑ I-Manage PMO	Suzanne Valenzo
❑ I-Manage PMO	John Meulman



Tiger Team Scope & Approach

Scope

- ❑ To identify issues and examine audit findings surrounding DOE's Financial Operations and Financial Systems
- ❑ To recommend a path forward

Approach

- ❑ Brainstorm
- ❑ Cause and Effect diagrams
- ❑ 250+ Interviews
- ❑ Review Audit Findings and DOE Management Responses
- ❑ Review available and recommended documentation
- ❑ Solicit feedback from stakeholder groups



What the Team Accomplished

- ❑ Identified Issues and baselined root causes
- ❑ Created detailed issue reports
- ❑ For the path forward
 - ❑ Recommended a suite of next step actions
 - ❑ Prioritized
 - ❑ Team Leads identified – “Issue Champions”
 - ❑ Timeline suggested
 - ❑ Prepared a draft master corrective action plan
 - ❑ Initiated, and refocused current initiatives, to align with the corrective action plan
- ❑ Communicated progress
 - ❑ Kept DOE Leadership informed
 - ❑ Vetted findings and recommendations with Stakeholders (Field CFOs, Program Offices, OIG, CFO HQ)



Findings of the Tiger Team

- **30 separate issues**
 - People, process & technology issues
- **4 Primary themes** underpin most issues
 - Roles and responsibilities need clarity
 - Business processes not clearly defined
 - System functionality required some process change
 - Limited understanding of system functionality and how to use it
 - Need for focused training
 - Change management and communications not adequate

Issue Matrix

An integrated approach to resolving problems is required to address root causes

		Primary Root Cause (▲) and Required Actions (x)		
		People	Process	Technology
1	Funds Control (Obligation processing)		x	▲x
2	Funds Control (Interest penalty payments)		x	▲x
3	Funds Control (Internal controls on Budget Allocations)	x	▲x	
4	Funds Control (Auditors unable to test obligations)	▲x	x	x
5	Funds Control (Processing allotments & allocations)	▲x	x	x
6	Reports	▲x	x	▲x
7	Roles and Responsibilities	▲x		
8	Accruals - Recording Costs	x	▲x	x
9	Communications	▲x	x	x
10	Training	▲x		
11	Reconciliations (224 Report & Cash)	▲x	x	x
12	Other Reconciliations (Modules, feeder systems, etc)	▲x	x	
13	Unresolved Edit Errors	▲x	x	▲x
14	Interfaces/STARS		▲x	x
15	Reimbursable Work		▲x	
16	Certification of Year End Balances	x	▲x	
17	Staff Morale	▲x		
18	Collections	x	▲x	
19	Inter-Entity Transactions	x	▲x	
20	Intragovernmental Transactions	x	▲x	
21	Configuration	▲x	x	▲x
22	Data Conversion Cleanup	▲x	x	▲x
23	Travel Processing	x	▲x	
24	Documentation	▲x	x	
25	CR and Rescission	x	▲x	
26	Fixed Assets	x	▲x	
27	Late Payments	▲x	x	x
28	Purchase Cards	x	▲x	x
29	Hardware			▲x
30	Post "Go-Live" Testing	▲x	x	x



Issue Categories

Top 6 High Risk Issue Categories (Field CFOs, Program Offices, Auditors)

- ❑ Funds Control and Obligations
 - ❑ This category includes 5 separate issues
- ❑ Reports (including preparation of Financial Statements)
- ❑ Roles & Responsibilities
- ❑ Accruals-Recording Costs
- ❑ Communications
- ❑ Training

Other High Risk Issue Categories

- ❑ Reconciliations
 - 224 & Cash (Report on payments and collections)
 - Other (modules, feeder systems, etc)
- ❑ Unresolved Edits
- ❑ Interfaces/STARS
- ❑ Reimbursable Work
- ❑ Certification of Year End Balances (2108)
- ❑ Staff morale

Medium Risk Issue Categories

- ❑ Collections
- ❑ Inter-Entity
- ❑ IPACs (Intragovernmental Payments and Collections)
- ❑ Configuration
- ❑ Data Conversion Cleanup
- ❑ Travel Processing
- ❑ Documentation

Low Risk Issue Categories

- ❑ CR and Rescission
- ❑ Fixed Assets
- ❑ Late Payments
- ❑ Purchase Cards
- ❑ Hardware
- ❑ Post "Go-Live" Testing



Funds Control & Obligations

ISSUE: Funds Control vulnerabilities place DOE at risk for violations of administrative controls

Specific issues:

- Obligation Processing (PO Modifications)
- Internal Controls
- Interest Penalty Payments
- Auditors' Inability to Test Obligations
- Processing Allotments/Allocations

ISSUE CHAMPION: Dennis Martinez



Funds Control

– Obligation Processing

ISSUE: Funds at risk for over-obligation during routine processing of Purchase Order (PO) modification

IMPACT: Potential for funds to be used for multiple award documents (contractual commitments); temporarily overstates funds availability

AUDIT IMPACT: Risk for future audit findings

ROOT CAUSE(S): ORACLE System Functionality – PO modifications require de-obligation of balances

RECOMMENDATIONS:

Near Term:

- Complete process map of funds control/obligation transactions (Office of Internal Review)
- Communicate to HQ/Field CFO the importance of timely PO re-approval (CFO)
- Direct EFASC/Field CFOs to monitor unapproved PO's daily (CFO)

By 2/28/06:

- Funds Control Review Team – using process map, identify internal control weaknesses; recommend standardized solutions to mitigate funds vulnerability (TBD)

Long-Term:

- Evaluate next ORACLE release (I-MANAGE)
- Request ORACLE correct software functionality

ISSUE CHAMPIONS: Kevin Goetz and Jenifer Hackett



Funds Control

– Internal Controls

ISSUE: Potential for obligations to exceed authorized budget authority at the obligation control levels (OCL).

IMPACT: Potential administrative violation of Congressional controls

AUDIT IMPACT: Potential for funds control violations - “over-allocation” of budget authority

ROOT CAUSE(S):

- Reconciliation process not clearly defined or officially assigned
- Reconciliation reports reflected inaccurate comparison at the OCL

RECOMMENDATIONS:

Near Term:

- Revise reconciliation report to support reconciliation at OCL (STARS Team)
- Require monthly reconciliation by EFASC/Field CFO; monitor variances (Office of Internal Review)

By 2/28/06:

- Funds Control Review Team - confirm that current internal controls in feeder systems comply with A-123 requirements and meet auditors’ expectations (Office of Internal Review)

ISSUE CHAMPION: Dean Childs



Funds Control

– Interest Penalty Payments

ISSUE: Interest penalty payments bypass STARS systems funds control and fund certification.

IMPACT:

- Potential for violation of administrative funds control
- PSOs notified after payment is made

AUDIT IMPACT: None

ROOT CAUSE(S): ORACLE system functionality – penalty payment automatically tied to invoice payment

RECOMMENDATIONS:

Near Term:

- Review notification process to ensure appropriate and timely notification (OR Payments Center)
- Continue to request ORACLE to separate invoice payment from penalty payment and address funds control requirement for this process. (I-MANAGE)

ISSUE CHAMPION: Tim Southard



Funds Control Auditors Unable to Test Obligations

ISSUE: Auditors unable to test obligation data to their satisfaction

AUDIT IMPACT: Auditors unable to assess funds controls, obligations processing, and uncosted balances. Can result in a disclaimer of audit opinion.

ROOT CAUSE(S):

- Lack of Planning
- Lack of Communication
- Lack of Auditor's understanding of new environment

RECOMMENDATIONS:

By 1/16/06:

- Work with auditors to plan FY 2006 audit and demonstrate ability to provide a test universe (OFA)

By 3/31/06:

- Conduct Department-wide Pre-audit work to develop procedures/tools to support future audits (OFA)

ISSUE CHAMPION: Lois Jessup



Funds Control– Processing Allotments/Allocations

ISSUE: Delays in certifying funds and processing allotments/allocations in STARS

IMPACT: Funds not distributed in a timely manner; potential delay in program activities

AUDIT IMPACT: None

ROOT CAUSE(S):

- Insufficient training/understanding of funds control in STARS
- ORACLE system functionality – One deallocation error causes rejection of entire allotment file for all Department Elements

RECOMMENDATIONS:

- Request Field CFO input regarding system functionality/single point failure on allotment file (Tiger Team)
- Document and distribute procedures for Funds Certification (OFA/Budget)
- Re-communicate when and how allotments/allocations are to be processed; share “best practices” (OFA/Budget)

ISSUE CHAMPION: Paul Kelley



Reports

ISSUE: Many STARS/IDW reports are difficult to use, ineffective or unreliable

IMPACT: Reporting needs of external, internal, HQ, and Field customers not met

AUDIT IMPACT:

- Trading Partner and SF-224 reporting problems
- Data available to program officials not valuable for managing budget execution

ROOT CAUSE(S): Financial reporting needs not adequately addressed due to competing STARS priorities, schedule pressures and resource limitations

RECOMMENDATIONS:

Near Term:

- Catalogue existing reports (I-MANAGE)
- Identify remaining data conversion errors affecting report balances (I-MANAGE)
- Develop plan to ensure problems corrected promptly (I-MANAGE/Field)

By 2/28/06:

- Identify and communicate core set of reliable and useful status reports (I-MANAGE)
- Give high-priority to report modifications or new reports needed by transaction-level users (I-MANAGE)
- Provide qualified users access to STARS via Discoverer/Plus for operating needs (I-MANAGE /Field)

By 3/31/06:

- Ensure reports supporting Department's Financial Statements are ready by QTR2, FY 2006 (OFA)
- Eliminate single-point vulnerabilities in Financial Statement preparation; align MEO/residual organization and staff with function (OFA)

ISSUE CHAMPION: Andy Zawadzki



Accruals - Recording Costs

ISSUE: Estimated Accruals were incorrect. Costing was inconsistent, incorrect and untimely

IMPACT: DOE programs unable to manage uncoded balances effectively

AUDIT IMPACT: Payments in excess of cost and unreliable accrual data cited in auditors' report.

ROOT CAUSE(S):

- Accrual process not clearly defined, adequately documented, managed or monitored
- Costing universe not established
- Communications on process did not result in field buy in
- Knowledge transfer on accruals to HQ personnel ineffective
- Accrual algorithm flawed and results posted incorrectly
- Prior year accruals not reversed

RECOMMENDATIONS:

By 12/31/05:

- Establish accrual process with programmatic input on contract costs (OFO)
- Deploy an automated accrual routine (I-MANAGE)

Ongoing:

- Accruals Team established, accrual routine being developed

ISSUE CHAMPION: Geoff Smith



Organization

- Roles & Responsibilities

ISSUE: Financial management roles and responsibilities are not clearly defined or understood

IMPACT: Ineffective financial management operations

AUDIT IMPACT: Several detailed audit findings recommended the CFO clarify roles and responsibilities related to financial management operations

ROOT CAUSE(S):

- Most Efficient Organization (MEO) Performance Work Statement (PWS) not aligned with current environment
- Field sites and OFO performing unplanned MEO activities
- STARS team performing operational and processing activities

RECOMMENDATIONS:

By 2/15/06:

- Comprehensive review of financial management roles and responsibilities in light of the new environment (CFO)
 - office, site and team responsibilities
 - validation that MEO and residual activities are properly aligned
- Implement revisions to the organization resulting from the review

By 3/15/06:

- Develop Memorandum of Understanding (MOU) detailing MEO roles and responsibilities between EFASC and individual sites (OFA)
- Clarify and define Help Desk role and responsibilities for transfer to CIO (I-MANAGE)

By 3/30/06:

- CFO to identify and address staffing and/or skills gaps (CFO)

ISSUE CHAMPIONS: Judy Penry and Wendy L. Miller



Organization

- People

ISSUE: Events affecting financial operations adversely impacted the CFO personnel

IMPACT: Lower morale; higher than expected employee turnover in the MEO; “We vs. Them” attitude

AUDIT IMPACT: None

ROOT CAUSE(S):

- MEO Implementation
- STARS Transition Challenges
- New/Accelerated Requirements
- Disclaimer

RECOMMENDATIONS:

Near Term

- Communicate CFO's intent to stabilize financial management operations with a prioritized and balanced plan for success (CFO)

By 3/31/06:

- Conduct Employee satisfaction survey and solicit needs (CFO)

Periodically:

- Communicate actions taken and remaining to stabilize financial management operations and improve employee satisfaction

ISSUE CHAMPION: Jim Campbell



Training

ISSUE: Training on new systems (STARS & IDW) and business processes did not meet needs for effective transition to and/or operation in new environment

IMPACT: Operational delays, inaccurate data entry and reporting, low productivity, user frustration

AUDIT IMPACT: Lack of STARS knowledge hindered audit process; Department unable to support audit requirements

ROOT CAUSE(S): Underestimated financial management training requirements, both inside and outside the CFO community

- Needs Assessment not completed
- STARS training assumed basic knowledge of SGL
- EFASC employees in new positions or new to DOE
- Inadequate training on business process changes under STARS
- Inadequate formal knowledge transfer
- Failure to educate auditors on new system
- Auditors' lack of STARS understanding hindered audit process
- Project schedule and resources constraints

RECOMMENDATIONS:

Near Term

- Plan and initiate STARS user Outreach (I-MANAGE)
- Provide training on STARS to auditors to assist in future audits (I-MANAGE)
- Plan and initiate PSO Outreach Initiative (I-MANAGE/Budget/OFA)
- Pilot Financial Management Development program (CFO)

By 3/31/06:

- Conduct comprehensive Training Needs Assessment (CFO)

Ongoing:

- Continue IDW Outreach Initiative (I-MANAGE)

ISSUE CHAMPION: Dean Olson



Communication

ISSUE: Communications regarding Departmental financial management matters have not been effective

IMPACT: Confusion and uncertainty surrounding accounting information as well as FM processes. Affects Program Managers ability to manage programs and respond to internal and external reporting requirements

AUDIT IMPACT: Underlying theme to multiple audit findings

ROOT CAUSE(S):

- The volume of communications has diluted their effectiveness – information overload
- Information/documentation – hard to locate - scattered throughout multiple locations
- Knowledge manage functions
- Department is stove piped (multiple feeder systems and applications, inconsistent processes/procedures)


RECOMMENDATIONS:

Near Term

- Develop a comprehensive communication strategy for the Department's Financial Management information (CFO)
 - Catalog all available documentation (reports, policies, & standard operating procedures)
 - Create a bulletin board where information can be posted and shared
 - Create FAQ section
 - Develop an automated tracking status system for Help Desk tickets
 - Create a few "then and now" illustrations to demonstrate reports and functionality still exists
- Establish a single point to obtain all Financial Management information (STARS, IDW, I-MANAGE, CFO News)

Long-Term: Continuously solicit feed back at all levels (CFO)

ISSUE CHAMPION: Ron Szatmary



Reconciliations

- Cash/224

ISSUE: Cash/224 Reconciliations are not being performed in a timely manner.

IMPACT: Accurate 224 reports have not been submitted to Treasury and DOE has not been able to reconcile cash balances with Treasury.

AUDIT IMPACT: Delays in providing the reconciliations prevented the auditors from completing their test work (lowers confidence if DOE cannot reconcile to Treasury)

ROOT CAUSE(S):

- No federal employee accountable
- Roles and Responsibilities not defined
- Procedures not documented
- Lack of SGL Knowledge

RECOMMENDATIONS:

Near Term

- Assign accountability to Federal employee (EFASC)
- Define Roles and Responsibilities and gain buy in from all involved parties (OFA)
- Develop POAM to transition contractor 224 support (EFASC)
- Prepare and confirm detailed desk procedures (EFASC)
- Implement "Monthly SF 224 Submittal Process Flow" (OFA)
- Review and Modify the ADI spreadsheet to correct SGL code accounting errors (EFASC)
- Use STARS to generate the 224 report (EFASC)

By 1/31/06:

- Complete transition of 224 role from contractor to Federal Employee (EFASC)
- Analyze the SGL accounting process for allotments/allocations and recommend changes to implement and deploy a proper basis of SGL accounting for the cash accounts (OFA)
- Complete cash reconciliations for FY 2005-includes Pre STARS activity (EFASC)

Ongoing:

- Assess the impact of accounting issues identified in Oracle on the 224 process (I-MANAGE)

ISSUE CHAMPIONS: Jeff Payne for Cash and Jeff Carr for 224



Reconciliations

– Other

ISSUE: Reconciliations are not being performed in a timely manner (module to GL, feeder systems, Integrated Contractors)

IMPACT: Increases the risk of inaccurate data in STARS and reduces the confidence in data

AUDIT IMPACT: Unable to verify accuracy of data

ROOT CAUSE(S):

- Roles and Responsibilities not defined
- Desk procedures not defined

RECOMMENDATIONS:

Near Term

- Complete documentation of module to GL reconciliation process (I-MANAGE)
- Identify EFASC personnel that will be responsible for module reconciliations (EFASC)

BY 1/31/06

- Complete module to GL reconciliations through December 2005 (I-MANAGE)
- Transition reconciliation role from STARS to EFASC (I-MANAGE /EFASC)

By 3/31/06:

- Develop and document process to reconcile feeder systems (I-MANAGE)
- Assign responsibility for feeder reconciliation (CFO)
- Resolve all outstanding IC reconciliation issues (OFA)

ISSUE CHAMPION: Wendy H. Miller



Unresolved Edits

ISSUE: Cumulative unresolved edit errors highlight potential data inaccuracies in the STARS system

IMPACT: Financial reporting may not be reliable

AUDIT IMPACT: Delays in resolving data posting errors may cause misstatements in financial reports

ROOT CAUSE(S):

- Inadequate understanding of the STARS SGL, T-codes, and interfaces
- Untimely reconciliations
- Lack of coordination and communication between HQ and the field regarding EFASC transaction backlogs and assignment of responsibility for correcting edit errors
- Difficulty researching and clearing edit errors due to a lack of expertise using existing reports, SGL, accounting processes, and a lack of a formalized edit error clearance process

RECOMMENDATIONS:

Near Term

- Define and document edit errors clearance process, including roles & responsibilities (OFA)
- Determine edits which should be moved 'up-front' (OFA)
- Upgrade Edit reports to facilitate research and clearance of edit errors (I-MANAGE)
- Analyze remaining FY05 edit errors and develop plan to resolve (OFA/Field)

By 3/31/06:

- Provide training on DOE's SGL implementation (CFO)
- Evaluate and fix interface issues that create edit errors (I-MANAGE)
- Stabilize EFASC accounting processing of backlog and suspense items (EFASC)

Long-term:

- Enhance system to provide quality checks on data as entered (I-MANAGE)

ISSUE CHAMPION: Lauren Rippeon



Interfaces/STARS

ISSUE:

- Incomplete “cradle-to-grave” documentation on interface processing
- Unreliable core system functionality
- Widespread use of direct GL entries

IMPACT:

- Unsure if interface processing was complete
- Mistrust of system
- Misuse of direct GL entries

AUDIT IMPACT:

- Interface and module reconciliations not complete
- Excessive direct GL entries is indicative of an internal control weakness

ROOT CAUSE(S):

- Competing priorities
- Resource constraints
- Unclear roles & responsibilities

RECOMMENDATIONS:

By 1/31/06:

- Document current interface process steps (I-MANAGE)

By 2/28/06:

- Develop review process for direct GL entries (OFA)

Ongoing:

- Follow-up with Oracle on core functionality “anomaly” (I-MANAGE)
- Assess impact of Oracle core functionality issues and conduct trend analysis on resolutions (I-MANAGE)

Long Term:

- Determine feasibility of consolidating/replacing the feeder systems and evaluate the performance/integration of the entire I-MANAGE enterprise (I-MANAGE)

ISSUE CHAMPION: Warren Huffer



Reimbursable Work

ISSUE: Errors in the processes and budgetary accounting for Reimbursable Work

IMPACT: Reporting issues and confusion about Reimbursable Work activity

AUDIT IMPACT: Risk for future audit findings

ROOT CAUSE(S): Reimbursable Work process not well understood and not valid

RECOMMENDATIONS:


Near Term

- Determine revised process to correct existing entries and reporting problems (I-MANAGE)

By 3/31/06:

- Develop and distribute accurate guidance on entire Reimbursable Work process (OFP)

ISSUE CHAMPION: Dean Olson



Certification of Year End Balances (2108)

ISSUE: Organizations unable to certify their 2108s without significant exceptions being noted

IMPACT: A key internal control could not be relied upon.

AUDIT IMPACT: The lack of unqualified certifications were cited as a breakdown in the internal control and a contributing factor to the lack of confidence in STARS.

ROOT CAUSE(S):

- Lack of confidence in the FY2005 results due to incomplete reconciliations
- Analysis reports not being available
- Balances not resolved when data was converted
- Uncertainty over how transactions were implemented in STARS

RECOMMENDATIONS:

Near Term

- Document the steps involved in the 2108 certification process, identifying the required reports. (OFA)
- Ensure that the required reports are developed, and deployed to the field (I-MANAGE)
- Develop and provide policy and guidance on preparing and reviewing the 2108s. This should address the field's reported qualifications and concerns. (OFP)
- Analyze the benefits and concerns with the establishment of minimum standards for the 2108 certifications which would apply to all organizations (OFA)

By 3/31/06:

- Require the reconciliations, that are relied on in the 2108 certification process, be performed on a quarterly basis. (CFO)
- Implement the communication plan. (CFO)

Ongoing:

- Develop plans of action to resolve any exceptions identified by the field in the 2108 certification process (Field CFOs/OFA)

ISSUE CHAMPION: Barbara Harbell



Collections

ISSUE: Cash collections received, but not made available to the appropriate entity

IMPACT: Programs do not have access to funds

AUDIT IMPACT: Untimely clearance process caused misstatements of available funding

ROOT CAUSE(S):

- Processes not defined or documented for research, follow-up, and entering deposits into system
- Not enough information to process transactions

RECOMMENDATIONS:

Near Term

- Map out current process, identify gaps and opportunities to streamline (EFASC)

By 3/31/06:

- Create desk procedures (EFASC)
- Implement and monitor process to maintain suspense at acceptable level (EFASC)

Ongoing:

- Tasking senior accountant to monitor suspense and assigning responsibility to individual accountants (EFASC)
- Created status listing and reporting weekly on progress (EFASC)

ISSUE CHAMPION: Betty Heaslip



Inter-Entity (within DOE)

ISSUE: Inefficiently defined process to record transactions between Field Offices and Integrated Contractors

IMPACT: \$78 million in cost transfers have not been processed, understating program costs

AUDIT IMPACT: Risk for future audit finding

ROOT CAUSE(S):

- Difficulty in obtaining accounting information to process transfers
- Pre-STARS transfers cannot be extracted from STARS
- EFASC did not anticipate volume of transaction and difficulty in processing

RECOMMENDATIONS:

Near Term

- Map out current process, identify gaps and opportunities to streamline (EFASC)

By 3/31/06:

- Create desk procedures (EFASC)
- Implement and monitor process to maintain transfers backlog at acceptable level (EFASC)
- Conduct "Outreach" meetings with Program Offices and Field Offices (EFASC)
- Extract and clear pre-STARS transactions

Ongoing:

- Assigned additional resources for processing (EFASC)

ISSUE CHAMPION: Tim Rea



IPACs

ISSUE: IPACs are not processed in a timely manner

IMPACT: Programs do not have actual costs for work services provided by Other Federal Agencies and suspense balance exceeds \$50 million

AUDIT IMPACT: Potential for payments being made without a valid obligation

ROOT CAUSE(S):

- Insufficient and incorrect information on charges from Other Federal Agencies to record costs to correct PO (Field Office, Program Office, Integrated Contractor)
- Process for clearing IPACs not well defined, significantly more cumbersome than prior system
- Staffing not adequate in numbers and skills to handle IPAC volume
- Communication with Other Federal Agencies, Program Offices, and Field Offices not adequate or tracked

RECOMMENDATIONS:

Near Term:

- Map out current process, identify gaps and opportunities to streamline (EFASC)

By 3/31/06:

- Re-engineer IPAC process to take advantage automated entries (EFASC)
- Conduct "Outreach" meetings with Other Federal Agencies, Program Offices, and Field Offices (EFASC)
- Create desk procedures for obligations, communications, processing and reconciling for EFASC, Program and Field Offices (EFASC)
- Implement and monitor process to maintain suspense account at acceptable level (EFASC)

Ongoing:

- Resources assigned to IPAC processing (EFASC)
- Resources assigned to map, analyze, improve current processes (EFASC)

ISSUE CHAMPION: Tammy Ware



Configuration

ISSUE: Current software configuration (especially the accounting and descriptive flexfields) not well understood or documented and inconsistently applied

IMPACT:

- Increased errors in data entry
- Low confidence in reports
- Reluctance to accept new structure

AUDIT IMPACT: Risk for future audit findings

ROOT CAUSE(S):

- Inadequate communication/training on new structure (especially B&R)
- Parent/child relationships not thoroughly validated

RECOMMENDATIONS:

Near Term:

- Review, validate, and communicate new structure and reporting capabilities (I-MANAGE)
- Determine procedures for adding new values (OFA)

By 6/30/06:

- Create team to review B&R structure for duplication (CFO)

ISSUE CHAMPIONS: Jeanie Schwier and Chris Ott



Data Conversion Cleanup

ISSUE: Some data conversion issues have not been corrected.

IMPACT: Data integrity, reconciliations, payments, collections, financial statements (trading partner codes)

AUDIT IMPACT: IC reconciliations not completed, inability to eliminate inter agency transactions

ROOT CAUSE(S):

- Insufficient staff to perform (higher priorities)
- Data cleanup in legacy system not complete at time of conversion

RECOMMENDATIONS:

Near Term:

- Identify and correct all known outstanding data conversion issues (I-MANAGE)
- Define Roles and Responsibilities for data cleanup (OFA/I-MANAGE/Field)
- Resolve remaining IC reporting entity issues (OFA)
- Cleanup trading partner codes in GL, AP, and AR (EFASC/OR Payment Center)
- Develop tools to maintain valid trading partner codes (I-MANAGE)

By 3/31/06:

- Cleanup up supplier and customer records and develop maintenance plan (EFASC/OR Payment Center)
- Identify and cleanup all instances of invalid AFF values (I-MANAGE/EFASC/Field)
- Verify cumulative obligations at contract level with source documents (I-MANAGE/CFO)

ISSUE CHAMPION: Sarah Blanding



Documentation

ISSUE: System and process documentation available does not provide all levels of users with the information they need to process transactions and address day-to-day accounting issues

IMPACT: Lower productivity, higher error rates, decreased confidence in STARS data, increased training requests

AUDIT IMPACT: FY 2005 audit report recommended the CFO fully document its business processes and controls

ROOT CAUSE(S):

- User expectation mismatch with STARS deliverables
- User requirements underestimated

RECOMMENDATIONS:

Near Term:

- Locate all available documentation be used as a starting point for developing the business process documentation required. (OFA)
- Prioritize all business processes to document (OFA)
- Determine roles and responsibilities offices for all organizations involved in individual processes (OFA)

By 1/31/06

- Develop a POAM for all prioritized processes (TBD)

Ongoing:

- Map and/or document processes including: Accruals, Funds Control, Reconciliation, IPACs, Purchase Card, Fixed Assets, and others (OFA)

ISSUE CHAMPION: Theresa Ballinger



Travel

ISSUE: Travel payments delayed in FY2006 and cross-year travel process unresolved

IMPACT:

- Increased travel card delinquencies,
- Increased workload for programs, OFO and EFASC

AUDIT IMPACT: None

ROOT CAUSE(S):

- Untimely and incorrect HQ travel allocations
- Travelers used incorrect accounting information on travel authorizations
- Poorly defined and communicated travel allocation process
- Travel policy not fully defined and vetted with Field offices before yearend

RECOMMENDATIONS:

Near Term:

- Establish and communicate process, roles and responsibilities for processing travel allocations, obligations, and payment to EFASC, OFO, and programs (OFA)
- Map out and streamline process for loading travel ceilings at HQ (OFO)

By 6/30/06:

- Define, draft, and communicate cross-year travel policy (OFP)
- Re-evaluate need to use travel ceilings as a hard control in STARS (OFA/Field/I-MANAGE)

Ongoing:

- EFASC, OFO meet with programs to discuss travel processes

ISSUE CHAMPION: Norbert Juelich



CR and Rescission

ISSUE: Business processes for continuing resolution (CR) and rescission accounting not well documented and communicated

IMPACT: Delays in processing new year allotments

AUDIT IMPACT: Risk for future audit findings

ROOT CAUSE(S): Resource constraints; first beginning of a new FY in STARS

RECOMMENDATIONS:

Near Term:

- Develop and communicate complete guidance (Budget/I-MANAGE)
- Determine the correct roles/responsibilities surrounding these processes (OFA/Budget)

By 3/31/06:

- Communicate the impacts to program offices under a CR (OFA/Budget)

ISSUE CHAMPION: Bonnie Giampietro



Fixed Assets

ISSUE: Fixed Asset (FA) transfers and capitalization not being entered correctly into system.

IMPACT: Asset accounts misstated and abnormal balances

AUDIT IMPACT: Construction Work In Progress (CWIP) projects not capitalized, understating assets.

ROOT CAUSE(S):

- Some processes undefined
- Related edits were not validated
- Fixed Asset account reconciliation process was inadequate
- Staff inadequately trained

RECOMMENDATIONS:

Near Term:

- Map out current process, identify gaps and opportunities to streamline (OFA)
- Research, validate, and record correcting entries for CWIP capitalization and asset transfers (OFA/I-MANAGE)
- Re-design FA module reconciliation process (I-MANAGE)

By 3/31/06:

- Create desk procedures for FA module processes: capitalization, transfers, reconciliation (OFA)
- Train EFASC on reconciliation and transfer process (I-MANAGE)
- Implement and monitor process to manage accounting for asset transfers and capitalization (EFASC)

Ongoing:

- Resources assigned to map, analyze, improve current processes and validate correcting entries (OFA)
- Resources assigned to research edits and correcting entries and to re-design reconciliation process (I-MANAGE)

ISSUE CHAMPION: Lisa Jones



Hardware

ISSUE: STARS / IDW users report slow response times during daily transaction processing, month end close and financial statement preparation

IMPACT:

- Lower productivity
- Long report run times
- Lower confidence
- Increased frustration with system

AUDIT IMPACT: None

ROOT CAUSE(S): STARS / IDW systems not fully optimized for transaction processing and financial report generation

RECOMMENDATIONS:

Ongoing:

- Performance tuning efforts to improve system response time and reduce report run time (OCIS/CIO)

By 01/31/06:

- Validate capacity plan and recommend hardware upgrade for STARS server (OCIS/CIO)

Long-Term:

- Validate capacity plan and recommend hardware upgrade for IDW server (OCIS/CIO)

ISSUE CHAMPION: Warren Huffer



Late Payments

ISSUE: Invoices are being paid late and the Department is incurring interest penalties

IMPACT: Interest paid in 2005 exceeded \$560K (\$57K FY 2004; \$80K FY 2006 annualized)

AUDIT IMPACT: No significant impact (minor findings)

ROOT CAUSE(S):

- Individuals not following procedures (timely approvals)
- Unclear roles and responsibilities
- Learning curve of new system steeper than anticipated
- Some automation lost

RECOMMENDATIONS:

By 1/31/06:

- Develop process to identify new approving officials and provide needed information/guidance (OR Payment Center)
- Develop plan to reduce number of late payments due to late approvals or lack of funding - outreach, reporting, etc. (OR Payment Center)
- Determine feasibility of automating additional payment processes (I-MANAGE)

By 3/31/06:

- Perform outreach activities for approving officials (OR Payment Center)
- Develop process to monitor reasons for late payments and implement strategy to focus on high dollar/volume issues (OR Payment Center)
- Develop desk procedures for Oak Ridge Payment Staff (OR Payment Center)

Ongoing:

- Continue to work with ORACLE on system issues with interest penalties: funds control, separation from late invoice, interest flag at lower level, transaction code (I-MANAGE)

ISSUE CHAMPION: Nancy Fitchpatrick



Purchase Cards

ISSUE: Incomplete reconciliation of HQ purchase card charges to Bank of America payments since “Go-Live”

IMPACT: HQ program costs understated and \$5 million suspense not cleared

AUDIT IMPACT: None

ROOT CAUSE(S):

- Lack of sufficient and accurate obligation information
- Lack of management attention during “go-live”
- Poor communications with Program officials at “go-live”
- Vendor Invoice Approval System (VIAS) limitations
- Process poorly defined

RECOMMENDATIONS:

Near Term:

- Update draft desk procedures for purchase card processing (EFASC)
- Eliminate reconciliation backlog and suspense account (EFASC)
- Create and implement status report to monitor reconciliation progress (EFASC)
- Evaluate and recommend improvements to VIAS and STARS (EFASC/I-MANAGE/OR Payment Center)

Ongoing:

- Resources assigned to map out current process, identify gaps and opportunities to streamline (EFASC)
- Conduct outreach with Program Offices on Purchase Card processing (EFASC)

ISSUE CHAMPION: Kevin Majane



Post “Go-Live” Testing

ISSUE: Insufficient coordination over testing changes to interfaces, reports, and releases

IMPACT: Lack of thorough testing led to repeated requests for additional changes

AUDIT IMPACT: Risk for future audit findings

ROOT CAUSE(S):

- Some end users did not know how to test changes
- Process for end user testing not defined
- Resource constraints limited available number of testers

RECOMMENDATIONS:

Near Term:

- Develop a formalized process for testing and verifying the results of changes (I-MANAGE)
- Address staffing needs for testing (CFO/I-MANAGE/Field)

By 3/31/06:

- Establish guidelines to support testing of “what if” scenarios (I-MANAGE)
- Develop approach for staffing the testing of new releases (CFO/I-MANAGE/Field)

ISSUE CHAMPION: Laura Kramer



Transitioning to the FM PMO

- **Established Financial Management Project Management Office (FM PMO)**
 - Small multi-disciplined team...including rep from NNSA
 - Responsibilities include:
 - Providing governance, oversight and support
 - Coordinating with issue team leads on actions
 - Aligning activities with priorities and de-conflicting resources
 - Establishing regular communications to stakeholders on progress, achievements and challenges
- **“Issue Champions” identified and are engaged**
 - Refining action plans and milestones
 - defining the detailed steps and tasks
 - identifying the resources to perform these activities
 - identifying dependencies on other tasks
 - Kick off meetings being held to:
 - Assign responsibility and accountability for actions
 - Establish communication channels



FM PMO Team Members

❑ Office of the CFO	David Robinson
❑ Budget	Janice Stull
❑ Systems	Ed Golden
❑ Accounting	Greg Dulovich
❑ Internal Review	Theresa Ballinger
❑ NNSA	Shea Moxley
❑ I-Manage PMO	John Meulman



Results Already Achieved

- **Accruals – Recording cost**

- **Phase I** – automated accrual process for December month end reporting **(complete)**
 - 84K transactions...\$484M in cost...12 minutes
- **Phase II** – email notification system that allows accountable officials to make adjustments
 - Being piloted at Oak Ridge
 - Roll out to all programs over next several months
- Up-to-date accruals make financial data (including uncoded balances) more representative of true cost incurred
 - Program involvement ensures ownership of cost by consumers of goods and services
 - Improved cost reporting reduces financial risk to DOE



Other Actions Underway

- Revising guidance on accounting for reimbursable work accounting and correcting entry errors
- Mapping multiple processes to identify procedural gaps and opportunities for streamlining and standardization
 - Cash collection
 - Purchase card transactions
 - IPAC
 - Fixed assets
 - 2108 Certification
- Installing system memory upgrades to improve system performance
- **Super User Meeting**
 - Scheduled for week of 1/17
 - Major accounting issues are on the agenda
 - Super Users will work on resolutions with the Issue Champions



Challenges

- **Change management**
 - Business process change
 - Obtain buy-in at all levels
 - Communicate often and early
- **Resource constraints – staff and funding**
 - Same few experts
 - Balance the work and spread the load
 - Labor and contract support dollars low
 - Prioritize and target funding
- **Schedule**
 - A lot to do in a short time
 - “Issue champions” will refine and prioritize resource and schedule requirements

FM PMO will drive resolution of these challenges



Success Multipliers (why we believe this will work)

- Continued support from Senior Management
- Solid cooperation from Program Offices and Field Sites for process change
- Integrated Plan of Action
- “Issue champions” from across DOE

Success is dependent on shared responsibility and accountability.

Discussion

